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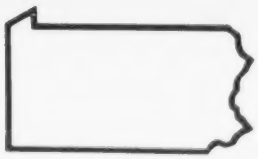


Spatial Variations in Pennsylvania's Economy — *E. Willard Miller....* **see page 4**

Recovery Stalls in July

Steel Industry Still in a Slump

Economic growth in Pennsylvania was stalled during the middle of the summer, but the state's economy is primed for gains in the fall.

In July, job levels in Pennsylvania's factories and nonmanufacturing industries declined only their usual seasonal amounts. There has been no marked change in the seasonally adjusted total nonfarm industry job level since January.

The level of electric power sales to industries, an indicator of short-run changes in industrial output, was also unchanged after seasonal adjustment in July. This measure has risen 19.1 percent since the recession low in December 1982 and 5.9 percent over the year, but only 0.9 percent since January.

Furthermore, the Labor Department's monthly survey of households shows that the seasonally adjusted number of employed Pennsylvania residents declined and the number of unemployed residents seeking jobs increased in July. This caused the seasonally adjusted jobless rate for the state to leap back up to 9.9 percent — its highest rate since December 1983. But it is still far below the recession peak of 13.2 percent.

The jump in joblessness is more a statistical fluke than a sign of economic decline. Before seasonal adjustment, the department's household survey showed an increase of 16,000 workers in the state. But that was less than would normally have been expected in July, and the seasonal-adjustment process turned the rise into a 73,100 decline.

In May and June, growth in employment and the civilian labor force was well above the normal seasonal trend, causing the unemployment rate to fall to 8.6 percent in June from 9.2 percent in April. That suggests that the bulk of the summer-employment surge took place in May and June this year, rather than in June and July, as has been the case in previous years.

Therefore, the rise in July is, at least partly, a correction for the overstatement in June. The underlying jobless rate probably was not as low as it appeared in June nor as high as it appeared in July.

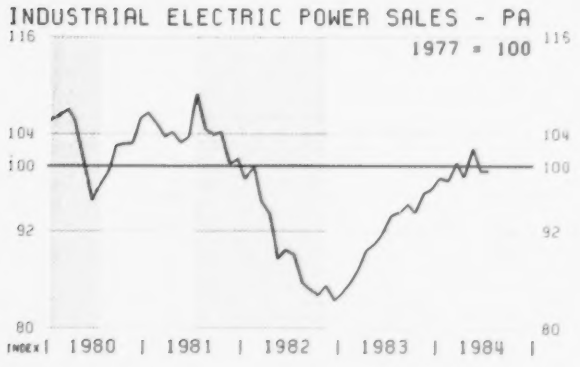
Furthermore, other indicators of the labor market remained strong in July. The average length of the factory workweek was unchanged for the fifth month in a row. The 40.2-hour workweek is historically long and should exert pressure on factory employers to increase employment for further gains in production.

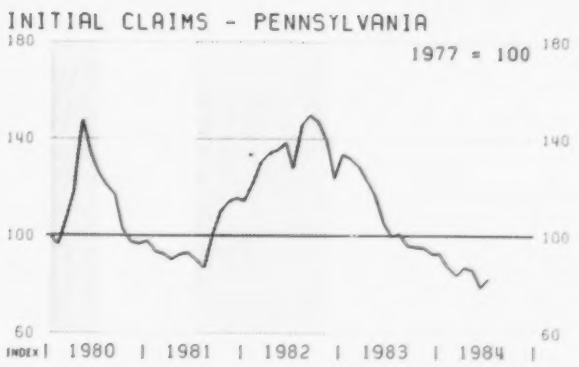
The seasonally adjusted level of new claims for unemployment benefits rose 4.3 percent in July, but remained at a low level. July's small increase is a common monthly fluctuation and does not signal increasing joblessness in the months to follow.

The lackluster performance of job levels in the state in

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **September 1984**





July was widespread across industry groups. Job levels in the three major industry groups of the goods-producing sector — manufacturing, mining and construction — changed no more than 0.1 percent.

In addition, small seasonally adjusted increases in employment in public utilities, wholesale trade, government and miscellaneous services were completely offset by more than seasonal job losses in transportation and retail trade. Thus, the total job level in the service-producing sector was unchanged from a month earlier. Nevertheless, it remained at its highest level ever and was 1.6 percent above the level of July 1983.

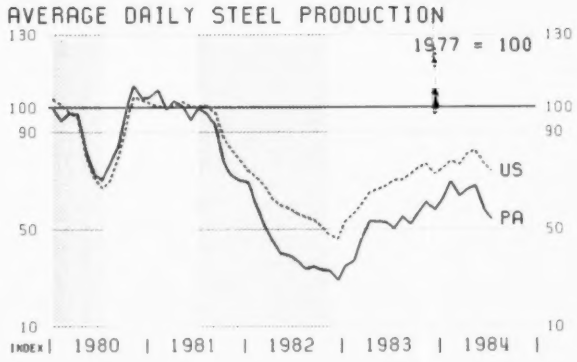
Economic Activity in Pennsylvania	1984 *June*	1984 *July*	1983 *July*	Seasonally Adjusted Indexes 1984 *June*	Seasonally Adjusted Indexes 1984 *July*	Seasonally Adjusted Indexes 1983 *July*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,669.*	4,630.	4,542.	100.9*	101.0	99.1
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,529.*	3,501.	3,444.	108.1*	108.2	106.5
Manufacturing						
No. of wage and salaried jobs (thous.)	1,131.*	1,122.	1,094.	83.5*	83.6	81.5
Ave. wkly. hrs. worked by prod. workers	40.2*	40.2	39.3	101.2*	102.1	99.9
Total wkly. person-hours worked (mils.)	31.5*	31.1	29.3	80.5*	81.6	76.8
Total wkly. payroll (mil. dols.)	292.5*	290.3	263.2	128.4*	130.2	118.2
Steel production (thous. tons)	1,236.	1,104.	1,030.	58.	54.	50.
Industrial electric power sales (mil. kwh)	3,692.	3,658.	3,400.	99.	99.	94.
Mining						
Anthracite coal (thous. net tons)	370.	382.	311.	77.	82.	68.
Bituminous coal (thous. net tons)	6,436.	n.a.	5,537.#	92.	n.a.	77.#
Construction contracts awarded (mil. dols.)						
Total	805.2	642.3	528.5*	194.	167.	138.*
Residential building	293.9	262.9	210.9*	165.	157.	130.*
Other building	260.1	291.2	233.0*	201.	209.	169.*
Nonbuilding (utilities and public works)	251.2	88.2	84.6*	238.	122.	106.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,122.	5,138.	5,068.	106.1	104.8	103.4
Unemployed						
No. of persons (thous.)	518.	540.	619.	117.3	136.4	156.1
Rate (percentage of labor force)	9.2	9.5	10.9			
Rate, seasonally adjusted	8.6	9.9	11.2			
Civilian labor force, no. of persons (thous.)	5,640.	5,678.	5,687.	107.0	107.3	107.4
Initial claims for unemployment benefits	108,249.	129,681.	148,443.	78.9	82.3	99.8

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 *June*	1984 *July*	1983 *July*	Percentage Change *Month Ago*	*Year Ago*
U.S. city average	310.7	311.7	299.3	+0.3	+4.1
Philadelphia	300.0	301.4	288.3	+0.5	+4.5
Pittsburgh	319.7	n.a.	305.4#	n.a.	+4.7
Northeast PA	n.a.	297.3	283.4	n.a.	+4.9

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike * = figure revised # = figure for June 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
December 1983	102.9	89.0	+0.3	0.0
January 1984	102.9	89.2	0.0	+0.2
February	104.1	89.4	+1.2	+0.2
March	103.8	89.2	−0.3	−0.2
April	103.8	89.4	0.0	+0.2
May	104.4	89.8	+0.6	+0.4
June	104.0	90.4	−0.4	+0.6
July	104.5	90.2	+0.5	−0.2



The steel industry is still in a slump. July marked the second consecutive monthly decline in the seasonally adjusted average daily production of steel for both the nation and the state.

In Pennsylvania, the average daily production of steel fell a seasonally adjusted 6.9 percent in July and 14.3 percent in June. July's production level was at its lowest since September 1983 but remained 7.3 percent above the level in July of 1983.

At the same time, total U.S. production also declined, but at a slower rate. This brought Pennsylvania's share of U.S. steel production down to 14.8 percent in July from 15.6 percent in June and a post-recession high of 18.3 percent in February.

How the industry will fare in the coming months is uncertain. It depends on such factors as President Reagan's action, due this month, on the International Trade Commission's recommendations for remedy from injurious steel imports and on the future course of interest rates.

The ITC recommended that Reagan give the industry five years of trade relief by placing limits on 70 percent of imported steel products. The respite from surging imports expected with this action is intended to give the domestic industry a chance to regain its competitiveness in world markets.

Opposition to the recommendations are coming from both sides. The industry wants more products included in the restraints and quotas that go beyond what the ITC has recommended. On the other hand, economists and free-trade proponents argue that the quotas would push up prices of U.S. goods, reduce incentives for U.S. industries to become more cost-efficient, and ignite retaliatory actions from our trading partners.

Historically, trade restrictions rarely work. There are always ways of getting around them, which inevitably lead to higher prices. Studies have estimated that, with quotas, steel prices would rise by 1 to 10 percent while demand would drop. In addition, the quotas would increase steel employment but would cost a greater number of jobs in other industries.

Reagan may back a plan similar to the one recently proposed by the Commerce Department. Their plan attempts to control 90 percent of foreign steel imports with a series of formal and informal quota arrangements now in force with the European Community, Japan and Canada and new agreements with Brazil and South Korea. Other foreign steel imports would be limited through enforcements of unfair trade laws. This plan allows the President to declare that he has solved the steel industry's import problem without taking any drastic action.

Despite the recent declines in production, major steelmakers are on the mend from their worst slump since The Great Depression. Most posted profits in the second quarter.

Furthermore, capital spending is rising, and what is more important for Pennsylvania steel producers, it is becoming more broad based. Business spending until recently was concentrated in computers and high-technology equipment. But the nation's factories, mines and utilities continue to increase their operating rates, which averaged 82.5 percent in July — greater than the average rate prevailing in the 1967 to 1982 period. These high utilization rates put pressure on businesses to channel more funds for capacity expansion.

However, increased private-sector borrowing coupled with the $170 billion budget deficit still runs the risk of choking off the recovery by pushing interest rates higher.

The steel industry isn't the only industry group that would be seriously affected by rising interest rates. Other interest-sensitive industries, such as construction, would also be damaged. Housing starts, already hurt by high mortgage rates, declined 6.6 percent nationally in July.

In Pennsylvania, the value of awards for residential construction contracts slipped a seasonally adjusted 5 percent in July, after falling 5.9 percent in June. Nevertheless, after adjusting for inflation, the cumulative total value of awards for residential buildings in the first half of the year was 22.1 percent ahead of the value in the same period last year.

Furthermore, cumulative totals for nonresidential building awards and nonbuilding awards were ahead by 53.3 percent and 94.6 percent, respectively. These gains brought the inflation-adjusted value of all construction awards during the first half of the year to its highest level since 1978.

The July total for the state was brought down by a plunge in the highly volatile nonbuilding awards component. Nonresidential building awards advanced a seasonally adjusted 4.3 percent, contributing evidence to the pick-up in capital spending.

— Norma I. Gavin

Spatial Variations in Pennsylvania's Economy, 1962-1981

*by E. Willard Miller**

Since the early nineteenth century, Pennsylvania's economy has evolved from one based on primary industries — agriculture, mining, forestry and fishing — to one in which tertiary (service-producing) activities — such as trade, transportation, communications, finance and other services — are the principal employers. During much of this time, secondary industries — manufacturing and construction — were the major dynamic growth industries. But more recently, this position has shifted to tertiary industries.

Between 1962 and 1981, manufacturing employment in Pennsylvania declined from 1.40 million to 1.32 million, a decline of 5.4 percent. In contrast, employment in service-producing industries rose from 1.45 million to 2.41 million or by 65.6 percent.

While the primary industries have declined in significance as a generator of employment in essentially all counties, employment and employment growth in secondary and tertiary industries have exhibited substantial spatial variation across the state. This variation is examined below.

Counties with the greatest concentrations of employment in manufacturing industries over the past two decades are identified. Then for each of these counties, the manufactural employment growth or decline during this time is compared to the average growth rate among all the counties in the state. A similar procedure is followed for employment in service-producing industries. Counties with large concentrations of both manufactural and service-related employment with growth rates in these two industry groups larger than the state averages are considered the leading growth counties in the state.

**Department of Geography, The Pennsylvania State University, University Park, PA 16802.*

Manufactural Employment

In 1962, manufactural employment in Pennsylvania's 67 counties averaged 20,847 workers and was concentrated in a small number of counties. Seventeen counties had employment levels above the county mean, with a high of 291,954 workers in Philadelphia County, while 50 counties had levels below the mean, with a low of 126 workers in Pike County.

Two major and two minor concentrations of manufactural employment are identifiable. The largest concentration is an 11-county region in southeastern Pennsylvania, centering on Philadelphia. The second major concentration is a three-county cluster in southwestern Pennsylvania, centering on Allegheny County in the Pittsburgh metropolitan area. The two minor concentrations are Luzerne and Lackawanna Counties in northeastern Pennsylvania and Erie County in the northwestern corner of the state.

Employment in Manufacturing Industries Among Major Employer Counties[1] in Pennsylvania

County	Average Monthly Employment Level 1962	Average Monthly Employment Level 1981	Expected[2] Average Monthly Employment Level 1981	Comparative Change in Employment 1962 to 1981
Southeast				
Philadelphia	291,954	137,821	276,130	−138,309
Montgomery	71,282	99,898	67,418	+32,480
Berks	51,579	53,142	48,783	+4,359
Delaware	49,777	42,509	47,079	−4,570
Lancaster	46,640	60,858	44,112	+16,746
Northhampton	45,139	37,826	42,692	−4,886
York	39,952	60,518	37,786	+22,732
Lehigh	37,345	48,449	35,320	+13,129
Bucks	30,761	50,651	29,093	+21,558
Chester	26,736	36,439	25,286	+11,153
Dauphin	22,798	25,883	21,562	+4,321
Southwest				
Allegheny	181,843	155,512	171,987	−16,475
Beaver	43,828	35,432	41,456	−6,024
Westmoreland	40,423	38,779	38,232	+547
Northeast				
Luzerne	41,001	37,256	38,778	−1,522
Lackawanna	29,994	26,521	28,368	−1,847
Northwest				
Erie	34,884	41,294	32,993	+8,301

[1]Counties with employment levels in manufacturing industries above the county mean for the state in 1962, when it was 20,847 employees, and in 1981, when it was 19,718 employees.
[2]The level of manufactural employment in a county if it had declined at the same rate as the state between 1962 and 1981, i.e., a decline of 5.41 percent.

In 1981, the same 17 counties remained above the employment mean, but the mean had declined to 19,718 workers. Furthermore, the rankings of the counties changed, with Allegheny County replacing Philadelphia County as the leading manufactural employer.

Employment in the state's manufacturing industries in 1981 was 94.6 percent of the 1962 level. Of the 17 counties with employment greater than the state mean in 1962 and 1981, seven — Philadelphia, Allegheny, Beaver, Delaware, Northampton, Luzerne and Lackawanna — experienced comparative declines in manufactural employment. That is, employment levels in 1981 were less than 94.6 percent of their 1962 levels. In contrast, 10 counties — Montgomery, Berks, Lancaster, Westmoreland, Lehigh, York, Erie, Bucks, Chester and Dauphin — experienced comparative gains, with employment levels greater than 94.6 percent of their 1962 levels.

Philadelphia County experienced the largest comparative decline of 138,309 employees, and an absolute decline of 154,333. All major manufacturing industry groups experienced a decline in employment in the county. The relative decline was as great in the high value-added industries of machinery and electronics and electrical equipment as in the low value-added industries, such as textiles. Thus, there was a general economic environment of decline in manufacturing. The decline was caused by many factors, including old and antiquated plants for which renovation is too costly, lack of space for new plants, migration of skilled labor to the suburbs, the high cost of land within the city, a high crime rate in the industrial districts, transportation congestion because of an antiquated road system, and lack of modern amenities.

For the six other major employer counties that experienced comparative declines in manufactural employment, losses were concentrated in one or two industries. For Allegheny, Beaver and Northampton Counties, the declines were due to employment losses in the primary metal and fabricated metal industries. In Delaware County, the decline was centered in the chemical and the textile and apparel industries, and in Luzerne and Lackawanna Counties, losses in the apparel industries were the most significant.

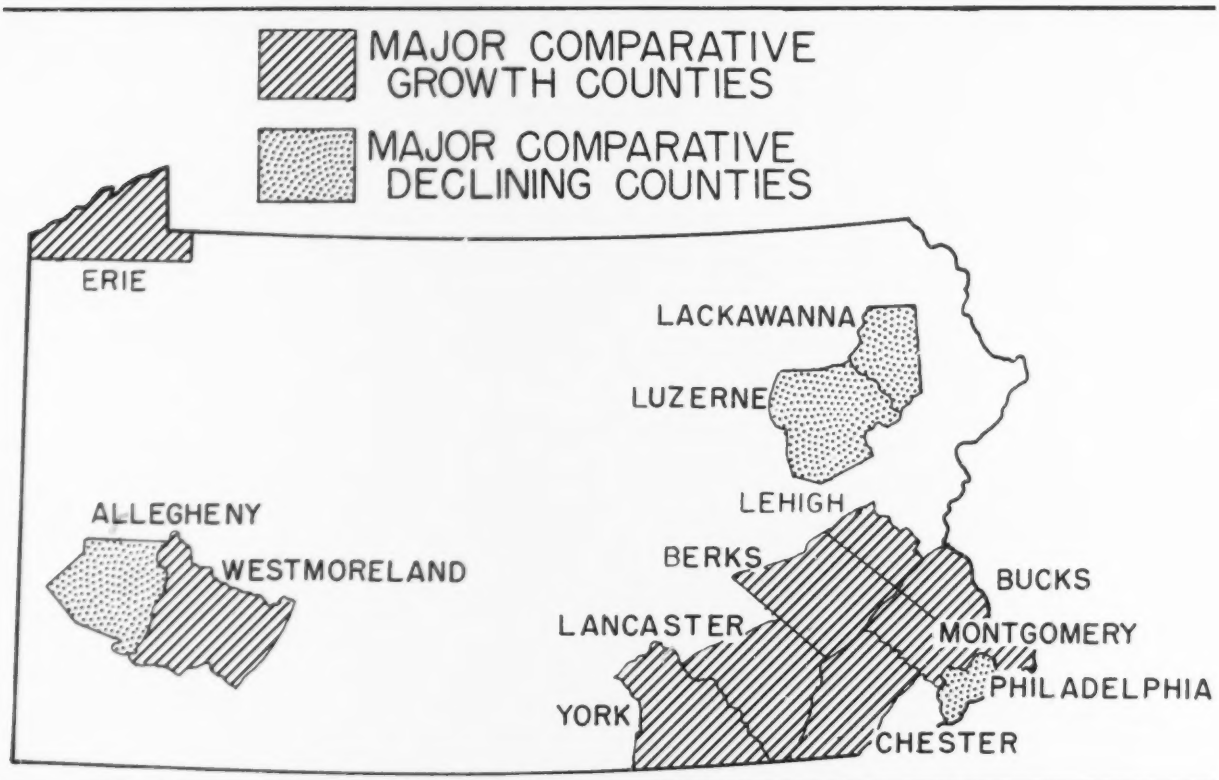
The decline of primary metal, fabricated metal, textiles and apparel industries — traditional nineteenth century industries in Pennsylvania — may be explained by the product-cycle theory. According to this theory, as an economy matures, it produces fewer basic goods, such as steel and textiles, and increases its output of higher value-added commodities, such as electronic equipment, machinery and computers. However, these newer industries rarely locate in the areas where the older industries are declining. Instead, they seek new lower cost centers of production. Consequently, the counties with the traditional industries are burdened with declining economies.

Eight of the 10 major comparative manufactural growth counties are concentrated in southeastern Pennsylvania. The two outliers are Erie and Westmoreland Counties. These 10 counties were not important manufacturing areas in the nineteenth and early twentieth centuries. Their growth began in the past 60 years and has occurred most rapidly in the past 30 years.

Employment in Service-producing Industries Among Major Employer Counties[1] in Pennsylvania

County	Average Monthly Employment Level 1962	Average Monthly Employment Level 1981	Expected[2] Average Monthly Employment Level 1981	Comparative Change in Employment 1962 to 1981
Southeast				
Philadelphia	412,770	450,856	683,670	−232,814
Montgomery	72,233	198,175	119,639	+78,536
Delaware	53,901	109,380	89,276	+20,104
Dauphin	41,812	65,623	69,253	−3,630
Lehigh	33,939	66,029	56,213	+9,816
Berks	33,645	62,613	55,726	+6,887
Lancaster	32,168	70,570	53,279	+17,291
Chester	27,487	62,722	45,526	+17,196
York	26,743	55,907	44,294	+11,613
Bucks	22,336	88,468	36,995	+51,473
Cumberland	11,741	45,986	19,446	+26,540
Southwest				
Allegheny	254,931	399,807	422,242	−22,435
Westmoreland	29,977	57,162	49,650	+7,512
Northeast				
Luzerne	34,693	55,325	57,462	−2,137
Lackawanna	28,128	45,250	46,588	−1,338
Northwest				
Erie	26,343	51,868	43,631	+8,237

[1]Counties with employment levels in service-producing industries above the county mean for the state in 1962, when it was 21,597 employees, and in 1981, when it was 35,773 employees.
[2]The level of tertiary employment in a county if it had grown at the same rate as the state between 1962 and 1981, i.e., a gain of 65.63 percent.



Thus, they have different industrial structures than the counties with comparative declines in manufactural employment. Primary metals, textiles, apparel, food processing, leather products and furniture are of limited importance in the industrial structures of these counties. Machinery, electrical machinery, transportation equipment and instruments are their major growth industries. No single industry dominates in these areas.

A series of factors have encouraged their growth, including the migration of skilled labor to suburban areas; the availability of relatively low cost land for industrial plants and employee parking; the development of a modern transportation network for rapid movement of raw materials and finished products; the proliferation of amenities, such as recreation areas, which provide a gracious living environment; and finally, proximity to one of the world's greatest market regions.

Service-related Employment

Employment in each of the major tertiary activities grew in Pennsylvania between 1962 and 1981. Employment in transportation, communications and other public utilities grew by 17.2 percent; in wholesale trade, there was a rise of 24.5 percent; in retail trade, a growth of 46.8 percent; in finance, insurance, real estate and banking, a growth of 67.1 percent; and in the miscellaneous service industries, the largest growth was experienced, with a rise in employment from 423,546 to 963,005, an increase of 127.3 percent. Among these service activities, the employment increase in health services was the largest.

In 1962, the county mean employment level in service-producing industries in Pennsylvania was 21,597 workers. Fifteen counties were above the mean, and 52 counties were below it.

Employment in these industries was concentrated in the same clusters as manufactural employment. Of the counties with greater than average manufactural employment, only Northampton County in the northeast and Beaver County in the southwest had smaller than average employment levels in tertiary industries. The 15 counties with greater than average tertiary industry employment accounted for 78 percent of all Pennsylvanians employed in these industries.

In 1981, the spatial pattern of employment in service-producing industries remained essentially unchanged, with the same 15 counties plus Cumberland County near Harrisburg having employment levels greater than the county average in the state. However, there were significant growth differentials within the counties above the mean: five experienced a comparative decline and 11 a comparative growth.

Philadelphia County, with a comparative decline of 232,814 employees in service-producing industries, had more than 83 percent of the total comparative decline of the state. If the county had grown at the average rate for the state, employment growth in these industries would have increased from 412,770 to 683,670; instead, it was only 450,856.

Allegheny County experienced a significant comparative decline of 22,435 employees, or 8 percent

Continued on page 8.

Personal Income Gain Improves Economic Well-being

Nation Continues to Outperform State

Personal income increased sharply in both the nation and the state in the first quarter while consumer prices rose only modestly, according to the U.S. Commerce Department's Bureau of Economic Analysis. This translates into a real gain in purchasing power and thus an improvement in economic well-being.

Total personal income increased 2.1 percent in Pennsylvania in the first quarter, compared to 3.0 percent in the nation. Nonfarm personal income increased 1.9 percent in the state, 0.5 of a percentage point less than in the nation. Pennsylvania ranked 45th among all states in its quarterly increase in both total and nonfarm personal income.

Personal income is current income received by persons from all sources — that is, from participation in production, from government and business transfer payments, and from government interest, which is treated like a transfer payment.

Nonfarm income is total personal income less farm labor and proprietors' income. Because farm income is subject to erratic changes, it is often preferable to use nonfarm personal income rather than total personal income to compare current economic developments among the states.

Consumer prices, as measured by the implicit price deflator for personal consumption expenditures, increased only 0.9 percent at a quarterly rate. Therefore, real (inflation-adjusted) personal income made significant gains.

Wage and salary disbursements increased 1.7 percent in Pennsylvania in the first quarter. Payrolls declined in construction and state and local government, and payroll increases in nondurables manufacturing and private service-type industries were well below the national average.

Total labor and proprietors' income increased in all major nongovernment industry groups, both from a quarter ago and from the same quarter a year earlier. However, except for mining and nondurables manufacturing, the percentage increases were higher in the nation than in the state.

Dividends, interest and rent increased at the same pace in the nation and the state while transfer payments in Pennsylvania increased at a much lower rate than in the nation. The lower percentage increase in the state's transfer payments was due to a larger decline in unemployment insurance disbursements.

— Norma I. Gavin

Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
		Percentage Change			Percentage Change	
	1984 I (mil. dols.)	Quarter Ago	Year Ago	1984 I (mil. dols.)	Quarter Ago	Year Ago
Labor and proprietors income by place of work	100,023	2.3	9.6	2,099,071	3.5	11.4
By type						
Wage and salary disbursements	83,301	1.7	8.4	1,749,488	2.3	9.0
Other labor income	10,258	3.1	14.3	188,839	3.4	15.0
Proprietors income	6,463	10.3	19.6	160,744	18.8	37.9
By industry						
Farm	910	50.4	0.7	53,212	55.5	70.5
Nonfarm	99,113	2.0	9.7	2,045,859	2.6	10.4
Private	85,435	2.3	10.3	1,701,198	2.7	11.2
Ag. serv., for., fish., and other	246	4.7	8.8	9,073	5.2	10.1
Mining	1,613	0.5	20.8	39,072	1.5	12.5
Construction	4,947	0.2	7.4	112,992	3.5	13.3
Manufacturing	30,064	3.5	12.7	507,168	3.5	13.1
Nondurable goods	10,792	1.9	10.0	184,552	2.1	9.0
Durable goods	19,271	4.4	14.2	322,615	4.3	15.6
Transportation and public utilities	7,419	0.7	4.6	156,529	1.1	6.2
Wholesale trade	6,112	2.0	8.6	141,043	2.6	10.2
Retail trade	8,867	1.4	7.5	195,694	1.9	8.7
Finance, insurance, and real estate	5,623	3.4	7.6	134,348	2.8	10.0
Services	20,544	2.1	11.5	405,280	2.5	12.0
Government	13,678	0.3	6.4	344,661	2.1	6.5
Federal, civilian	3,379	1.3	2.5	76,358	2.1	3.9
Federal, military	512	6.9	1.8	35,087	3.9	4.4
State and local	9,788	-0.4	8.1	233,217	1.9	7.7
Total personal income	144,035	2.1	8.0	2,909,967	3.0	9.9
Nonfarm personal income	143,126	1.9	8.1	2,856,755	2.4	9.2
Net labor and proprietors income[1]	92,934	2.2	9.6	1,970,351	3.4	11.4
Dividends, interest and rent	25,636	3.5	9.9	527,806	3.5	9.9
Transfer payments	25,465	0.4	0.9	411,810	0.9	3.3

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, October 1983.
[1]Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

Continued from page 6.

of the total state comparative decline. The comparative declines in the three other counties — Dauphin, Luzerne and Lackawanna — were small.

Among the 11 counties with comparative gains, nine are contiguous counties in southeastern Pennsylvania. These nine counties account for 91 percent of the state's comparative growth in service-producing industries. Montgomery County had the largest comparative growth in the state at 78,536 workers. Two isolated counties in western Pennsylvania — Erie and Westmoreland Counties — also experienced a comparative growth in the tertiary activities.

Economic Potential

Seventeen major employer counties — those that have employment above the Pennsylvania mean in either the manufacturing or service-producing industry groups or both in 1962 and 1981 — were identified. Of these, nine have experienced comparative gains in both industry categories. Seven of the nine are contiguous counties in southeastern Pennsylvania and two are isolated counties in western Pennsylvania. These counties have developed their economies in the twentieth century and reflect the rise of service industries in areas with an expanding manufacturing economy. They are the counties with the greatest potential for the largest employment growth based on recent trends in both manufacturing and service-related activities.

In contrast, four major employer counties have exhibited comparative declines in both manufacturing and service-producing industries. Of these counties, Philadelphia and Allegheny Counties have experienced the greatest comparative losses. Manufactural employment in each of these counties had an absolute, as well as a comparative, decline.

With a depressed manufactural economy, the tertiary activities are weakened. The buying power of the population is reduced so that wholesale and retail trade suffers; demands on the financial institutions and real estate are reduced; funds for maintenance and new construction of highways is lowered; and, finally, the funds for human services are lessened.

Luzerne and Lackawanna Counties also experienced comparative declines in manufacturing and tertiary activities, but the declines were much smaller. Their inability to maintain growth at the state level illustrates the difficulties of changing from a mining economy to one based on secondary and tertiary activities.

Thus, a great diversity in employment growth trends exist among Pennsylvania's counties, with major regions of growth and decline frequently adjacent to each other. Pennsylvania reflects the difficulties of a long evolving economy to maintain an evenly distributed strong growth economy.

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* CONGRESSIONAL INFOR SRV-SRI
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